

Excise Goods

There are changes to how Customs treats excisable goods (alcohol, fuel and tobacco) effective from 1 October 2018.

Previous changes to the Customs and Excise Regulations, which were effective from 1 February 2017 are referred to on the Customs website.

» What is changing?

ALL EXCISE GOODS

When determining an application for a licence for a Customs-controlled area (CCA) the chief executive now must be satisfied that the licensee is a 'fit and proper' person – if the licensee is a corporate entity this includes directors, senior managers and persons who have day to day responsibility for the proposed CCA. To be a 'fit and proper' person, you must comply with and not commit offences under border-related legislation, which includes tests on bankruptcy and Companies Act actions.

New licence applications will need a declaration of fit and proper person status and a Ministry of Justice criminal record report from the applicant and the person who will have the day to day responsibility for the CCA. Senior managers and directors of the entity may also be asked to provide this documentation, where relevant.

A compensatory interest penalty and/or late payment penalty replaces the additional duty penalty.

» What will you need to do differently?

ALCOHOL

Filing an excise return

Alcohol-related CCA licensees must now file an excise return for every agreed period for entry, for which they would normally have made a return. This will be a nil return if they manufacture or hold specified alcoholic products in their CCA, but none are physically removed from the licenced area for home consumption during the period.

The Alcohol Excise Plan will replace the need for a permit

Alcohol manufacturers are no longer required to obtain a permit each time they move goods between CCAs. Instead, their Alcohol Excise Plan provides a general authorisation for such movements.

FUEL

A new collection point

Fuel excise has a new collection point at the tank farm gantry, to cover the additional volume created from blending at tank farms. A formula sets out how to calculate the volume of new excisable fuel from blending operations at the tank farms.



Blending arises when interface/slops (mixture of fuels, resulting from terminal operations) and company-specific additives are blended with original motor spirits. Regulations will prescribe the formula for calculating the volume of the new fuel on which excise is levied.

Ability to remove motor spirits in emergency situations

The Act and Regulations provide that the chief executive must not exercise the power to allow motor spirits to be moved between licenced areas without paying duty except in emergency situations.

TOBACCO

Curing of tobacco

The definition of manufacture now includes curing. Curing of tobacco is included as a process of manufacture, and domestically grown, cured tobacco needs to be stored in a CCA if it is to be made into a tobacco product. If you are curing outside a CCA you will need to apply for a CCA licence.

In addition, you can manufacture five kilograms of grow-your-own tobacco each year for personal use without needing a CCA licence or to pay excise duty. This was previously 15 kilograms.

➤ Want to know more?

You'll also be able to refer to the Customs-controlled area Licence Holder Guide.